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Subject: POLITICO's Morning Energy, presented by America's Pledge: Battle in the Bakken state? — Groups sue over EPA waiver exemptions — Deja vu on formaldehyde

By Kelsey Tamborrino | 05/30/2018 10:00 AM EDT

With help from Annie Snider and Ben Lefebvre

BATTLE IN THE BAKKEN STATE? As the election year kicks into high gear, President Donald Trump's friendly relationship with Democratic Sen. Heidi Heitkamp is worrying some within the Republican party, POLITICO's Alex Isenstadt and Burgess Everett report. Republicans have grown increasingly frustrated with Trump's ongoing flirtation with the freshman senator from the No. 2 oil-producing state, especially at a time when many in the GOP fear that the president's unpredictable style will undercut their midterm plans. Heitkamp, who is seeking reelection in a state where Trump won nearly two-thirds of the vote, has a friendly relationship with the president, even after Trump aggressively recruited Rep. Kevin Cramer — who advised his campaign on energy issues — to give up his House seat and enter that race, leaving some of Cramer's closest allies feeling snubbed.

In an interview, Cramer said there would soon be "clarity" on who Trump supports in the race. But the congressman declined to predict whether the president would go after Heitkamp aggressively, as Trump has done with other Democratic incumbents. Cramer seemed aware of the warmth between the president and the senator, Alex and Burgess report. Trump has asked Cramer if he likes Heitkamp, and when the congressman responds yes, the president seems to be "relieved," Cramer said. "Politically, North Dakota's a pretty nice state. So I don't know that turning it on her is necessarily politically helpful to me," Cramer said. "They may just be concerned that she's a woman and maybe that has an impact. I just don't know."

For her part, Heitkamp said she's proud of her ability to work with the president. "I have a friendly relationship, I have a very important working relationship," she said in an interview, "not just with him but other members of the administration." Read the story here.

WELCOME TO WEDNESDAY! I'm your host Kelsey Tamborrino, and Peter Robertson of the Pebble Partnership was the first to correctly identify California and Ohio as the two states that don't have an avenue named after them in D.C. Instead, there's a California Street and Ohio Drive. For today: Which president was the first to see a major league baseball game in his hometown, and which town was it? Send your tips, energy gossip and comments to ktamborrino@politico.com, or follow us on Twitter [@kelseytam](https://twitter.com/kelseytam), [@Morning_Energy](https://twitter.com/Morning_Energy) and [@POLITICOPro](https://twitter.com/POLITICOPro).

GROUPS SUE ON WAIVER EXEMPTIONS: Ethanol and farm groups say they've filed a lawsuit against EPA over some of the waivers granted to small refineries allowing them to shed their Renewable Fuel Standard requirements on blending biofuels, Pro's Eric Wolff reports. The Renewable Fuels Association, National Corn Growers Association, American Coalition for Ethanol and National Farmers Union are challenging the waivers granted to CVR Refining's Wynnewood, Okla., refinery and the HollyFrontier refineries at Cheyenne, Wyo. and Woods Cross, Utah. Those refineries have collectively saved \$170 million in compliance costs, the coalition said.

Those waivers, which ethanol backers say violate the volume mandates under the RFS, are also the subject of some horse-trading in the discussions between EPA Administrator Scott Pruitt and USDA Secretary Sonny Perdue. The two are trying to put the final touches on a compromise deal over EPA's rules for biofuels. Read [more](#).

CHEVRON SHAREHOLDERS VOTE: Shareholders at Chevron's annual meeting today will vote on a pair of climate change-related provisions. First up is a proposal that the oil giant report to investors how it will change its business model to account for any decreased demand for oil and gas resulting from greater development of renewable energy sources. Another proposal is that Chevron start providing reports on steps it is taking to minimize methane emissions from its fracking operations. Chevron's board of directors have advised against both proposals, saying the company is already making sufficient efforts [on both matters](#).

Exxon, which also holds its annual meeting today, is getting a break this year from the sort of environmental proposals its [shareholders considered in 2017](#).

**** A message from America's Pledge:** America's Pledge is flipping the script on climate action. One year after the federal government announced it would pull out of the Paris Agreement, 2,700+ U.S. cities, states, and businesses are saying, "We Are Still In." See how far we've come: <https://politi.co/2koAHZb> **

DEJA VU? Already under fire for their handling of a controversial assessment of nonstick chemicals in drinking water, a newly uncovered EPA [email](#) suggests that public relations strategy was also front-of-mind for EPA staffers as the agency contemplated reevaluating the risks of formaldehyde. Reuters [reported](#) last week that EPA delayed release of a new assessment of the chemical that is expected to for the first time link formaldehyde with leukemia after meeting with the American Chemistry Council in January.

"They reiterated the concern you have raised about information leaking before it's been vetted and asked that the Agency have appropriate communication materials ready to use if needed," Jennifer Orme-Zavaleta, who heads EPA's Office of Research and Development, wrote in a Jan. 24 email to EPA chief of staff Ryan Jackson and Richard Yamada, deputy assistant administrator for research and development. The email was released to the Union of Concerned Scientists under the Freedom of Information Act.

Yogin Kothari, a lobbyist of UCS, said the email "sounds eerily similar" to concerns that EPA and White House officials expressed about a HHS assessment of the chemicals PFOA and PFOS. "It's not surprising that the ACC is attempting to wield its influence over EPA when its former staff are basically running the place," Kothari said by email.

WE'RE CLOSED: The Environmental Council of the States' upcoming fall meeting will close to the public certain sessions attended by EPA officials, according to the group's [draft agenda](#) for the August meeting. The draft shows ECOS will hold closed sessions on several issues, including a state-EPA roundtable on "cooperative federalism" and joint PFAS activities. (h/t [E&E News' Sean Reilly](#))

NAFTA TALKS STILL STALLED: Recent NAFTA talks between the U.S., Mexico and Canada have not resulted in progress on the thorniest issues because the U.S. remains unwilling to offer important concessions, two sources close to the talks told Pro's Sabrina Rodriguez. Negotiators from the Office of the U.S. Trade Representative continue to demand that "they want everything, and there's no possible way they'll get everything they want," one of the sources said. "Conversations have stalled entirely." Read [more](#).

WE'LL ALWAYS HAVE PARIS: This week marks the one-year anniversary of Trump's decision to pull the U.S. out of the Paris climate agreement. The United States still technically remains in the 2015 pact for the next two-and-a-half years, but the action to implement it is playing out in the rest of the world. To mark the occasion, the World Resources Institute will host a [discussion](#) today on whether other nations have moved on since Trump's decision to exit the agreement. Among those participating is Todd Stern, the former State

Department special envoy for climate change who helped seal the deal. In the lead-up to the event, WRI's Eliza Northrop laid out the seven signs of progress since Trump's announcement [here](#), including a timeline of events over the last year. If you go: The discussion kicks off at 2:30 p.m at 10 G Street NW. Watch the livestream [here](#).

— **And the National League of Cities**, as well as mayors from across the country, will release today their latest "State of the Cities" report that will look into the trend of cities taking on clean energy goals, despite the federal government.

OFFSHORE DRILLER FINED \$4M: Oil and gas company Energy Resource Technology was fined \$4 million Tuesday by the U.S. Attorney's Office for the Eastern District of Louisiana for fabricating data about the readiness of a key piece equipment used to prevent oil spills, Interior said. The fine comes as a result of an [investigation](#) by Interior's Office of Inspector General that found that ERT management directed an employee on its rig in the Gulf of Mexico to create a fake blowout preventer pressure test chart to conceal a failed test result, Pro's Ben Lefebvre reports. Read [more](#).

EPA, KILDEE SPAR OVER SUMMIT: EPA defended its move to only allow federal agency and state representatives on the second day of last week's summit on toxic chemicals in drinking water, dismissing Democratic Rep. [Dan Kildee](#)'s complaint that members of his staff had been barred from attending as a mischaracterization. EPA Associate Administrator Troy Lyons wrote in a letter Tuesday to Kildee and obtained by POLITICO that the agency worked with Kildee's office ahead of time to allow a staffer to attend the first day of the summit.

"I trust you understand our disappointment when we discovered that no one from your office attended the summit on May 22, particularly in light of the subsequent events on May 23," Lyons wrote. In a statement, Mitchell Rivard, Kildee's chief of staff, said that "it is hard to mischaracterize the EPA's actions — it had been widely reported that the EPA blocked both journalists and a congressional office from the taxpayer-funded PFAS summit." Read the letter [here](#).

MAIL CALL! 45Q AND YOU: Rep. Cramer shared [a letter](#) Tuesday from the Treasury Department in response to [his request](#) for direction on the expanded 45Q tax credit for capturing and storing carbon dioxide. In the letter, Assistant Secretary for Legislative Affairs Drew Maloney said Treasury is developing published guidance to provide clarity to taxpayers for the purpose of using the credit.

— **A coalition of 12 state and city attorneys general** and attorneys sent a letter to National Academy of Sciences President Marcia McNutt saying EPA's so-called secret science proposal to ban the use of studies that don't publicly disclose all data is "too vague and rushed to allow for meaningful public review." And they pressed for the group to weigh in, saying "the National Academy's input on this extremely consequential proposal." Read it [here](#).

API WRITES TO TRUMP ON SECTION 232: The American Petroleum Institute [sent a letter](#) to Trump last week requesting that the list of countries currently exempt from Section 232 tariffs on steel and aluminum be expanded "without imposing alternative measures such as quotas," and that the president remove any associated import quotas that have already been imposed. In his letter, API President and CEO Jack Gerard writes that additional import restrictions "will have a negative effect on our industry just as we have achieved the highest level of domestic hydrocarbon (oil and natural gas and natural gas liquids, or NGLs) production since 1949," according to EIA.

TRUDEAU COMMENTS ON PIPELINE: Canadian Prime Minister Justin Trudeau defended the Canadian government's plan to buy and complete the expansion of Kinder Morgan's Trans Mountain pipeline. "The project became too risky for a commercial entity to go forward with it; that's what Kinder Morgan told us," Trudeau said during a Bloomberg Businessweek event. "We are going to ensure that it gets built so that we can get our resources to new markets." More [here](#).

WHITE HOUSE TALKS PUERTO RICO: Aboard an Air Force One flight, press secretary Sarah Huckabee Sanders was asked whether the president — despite his previous comments — now thinks Puerto Rico constitutes a "real catastrophe" following the release of a Harvard University study that found at least 4,645 people died from the September 2017 storm rather than the 64 deaths federal authorities counted. The White House continues to be supportive of the governor of Puerto Rico, Sanders said according to pool reports, and of "transparency and accountability." The people of Puerto Rico "deserve nothing less than that, and were going to continue to be focused on helping in every way we can," she said. "FEMA has already done the largest response ever in history to any natural disaster. They're in Puerto Rico, and we're going to continue to give as much assistance as possible."

RBS COMMITS TO NEW ENERGY FINANCING: Ahead of its shareholder meeting today, the Royal Bank of Scotland announced Tuesday new energy financing policies to support a transition to low carbon. The bank said it would no longer provide "project-specific finance" to new coal-fired power plants, thermal coal mines or oil sands projects, among other projects. Additionally, RBS said it is tightening restrictions on general lending to mining and power companies generating more than 40 percent of their revenues from thermal coal and of electricity from coal, respectively. In response, Rainforest Action Network Executive Director Lindsey Allen said the announcement "comes as a result of groups like us pressuring banks to defund fossil fuels and deforestation," but said the "policy is only half a step forward because it leaves loopholes in place."

REPORT: COOK TAPPED FOR SUPERFUND JOB: EPA has named Steven Cook — a former senior counsel at chemical giant LyondellBasell — to the agency's Superfund Task Force in the position left vacant by Albert "Kell" Kelly, Bloomberg BNA reported. Cook has been serving as deputy assistant administrator for the agency's land and waste office, prior to his move to the Superfund spot.

ZINKE DEFENDS 'KONICHIWA' GREETING: In a wide-ranging radio interview with Breitbart Radio, Interior Secretary Ryan Zinke defended his use of the greeting "konichiwa" in response to a question from Rep. Colleen Hanabusa on preserving internment sites during a March Natural Resources hearing. "I grew up in a little logging, timber town, railroad town in Montana and a lot of my family lived through the years of the internment camps. I've long since had friends that were Japanese families that went through that," Zinke said, calling it an "appropriate salute." Listen to the full interview here.

AD WARS: Club for Growth Action said Tuesday that it would spend \$250,000 on new ads attacking Russ Fagg, a former judge and Republican candidate for Senate in Montana. Campaign Pro's James Arkin reports the new ad campaign attacks Fagg over his record during his two decades as a district judge, including the time he called a judge who "undercut" Trump's rollback of environmental rules a "thoughtful moderate." Watch the TV ad here.

MOVER, SHAKER: Stuart Siffring joined the Western Energy Alliance as a regulatory analyst, the trade group announced Tuesday. Siffring previously worked as a permit engineer at EPA and the Colorado Department of Public Health and Environment.

QUICK HITS

- EPA used disavowed research to justify putting dirtier trucks on the road, Los Angeles Times.
- Antarctica has enormous mountain ranges and valleys deep beneath its ice, The Washington Post.
- Former Perry adviser is FirstEnergy's secret weapon in U.S. bailout, Bloomberg.
- McConnell's plan for a packed summer Senate agenda, CQ Roll Call.
- Lowe's drops paint strippers blamed in dozens of deaths, The New York Times.

— No offsets, no problem as Army Corps OKs wetland projects, [E&E News](#).

THAT'S ALL FOR ME!

**** A message from America's Pledge:** One year after President Trump announced plans to withdraw from the Paris Agreement, America's Pledge is showing the world that U.S. cities, states, and businesses can lead us towards our goals - with or without Washington. <https://politi.co/2koAHZb> **

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